

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2015-4

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 3, 17, AND 20 OF CHAIRMAN'S INFORMATION REQUEST NO. 6

The United States Postal Service hereby provides its response to question 3, 17, and 20 of Chairman's Information Request No. 6, issued on February 4, 2015. Each question is stated verbatim and followed by the response. The responses to the remaining questions will be filed later.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 5, 2015

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3. In Order No. 1890, the Commission stated “[w]hen the Postal Service decides to differentiate the FSS presort prices from existing prices by offering discounts, the Postal Service must file the necessary information for the Commission to review the discounts. See 39 C.F.R. § 3010.12(c).”¹ On page 28 of the Notice, the Postal Service proposes new FSS pricing for Outside County Periodicals, stating that in addition to the FSS prices for Pallets, which were introduced in FY13, “...new prices for FSS Pieces, Bundles, and Sacks are also incorporated. The prices for the new FSS categories were created by blending (i.e. taking a weighted average of) the prices paid by the FSS pieces prior to this structural change.”
- a. Please confirm that the Postal Service has estimated the bottom-up cost for FSS bundles in Docket No. ACR2014 Library Reference USPS–LR–FY14–11, Excel file “PER_OC_flats.xls,” tab “SUMMARY,” and used these estimated costs to set bundle prices equal to Postal Service costs in this docket. If not confirmed, please explain.
 - b. Please confirm that the Postal Service has estimated the bottom-up cost for FSS pallets in Docket No. ACR2014 Library Reference USPS–LR–FY14–11, Excel file “PER_OC_flats.xls,” tab “SUMMARY,” and used these estimated costs to set pallet prices equal to Postal Service costs in this docket. If not confirmed, please explain.
 - c. Please confirm that the Postal Service has estimated the bottom-up cost for FSS sacks in Docket No. ACR2014 Library Reference USPS–LR–FY14–11, Excel file “PER_OC_flats.xls,” tab “SUMMARY.” If not confirmed, please explain.

RESPONSE:

a-c. Confirmed

¹ Docket No. R2013-10, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 21, 2013, at 73-74 (Order No. 1890).

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17. Library Reference USPS–LR–R2015-4/3, Excel file “CAPCALC-PER-R2015-4.xls” contains the Postal Service’s calculation of the proposed price increase for Periodicals. In Excel file “CAPCALC-PER-R2015-4.xls,” tab “Summary,” cell F9, the Postal Service calculated that the price increase adjustment is 1.965 percent. On January 30, 2015, in response to Chairman's Information Request (CHIR) No. 1, question 3, the Postal Service provided Excel file “CAPCALC-PER-R2015-4Mod.xls.” In Excel file “CAPCALC-PER-R2015-4Mod.xls,” tab “Summary,” cell F9, the Postal Service calculated that the price increase is “1.983%.” Please reconcile the Periodicals price increase calculated in Excel file “CAPCALC-PER-R2015-4Mod.xls” with the Docket No. R2015-4 Periodicals price cap of 1.966 percent.

RESPONSE:

The Excel file “CAPCALC-PER-R2015-4Mod.xls” does not include the corrected Periodicals prices filed yesterday. See Notice of Revisions to United States Postal Service Notice of Market-Dominant Price Adjustment, Attachment A (revision page with footer “Attachment A, Part I (CPI), Page 66 of 139”)(February 4, 2015). Using these prices in the CapCalc file restores the price increase to 1.965 percent, less than the Periodicals price cap of 1.966 percent. See CAPCALC-PER-R2015-ChIR6Q17.xls, tab “Outside County”, cells H48 and H50, and tab “Summary”, cell F9.

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20. In this proceeding, the Postal Service proposes new price cells for FSS flats. The Postal Service also provides volumes associated with those new price cells.
- a. Please confirm that the volumes associated with the new FSS flats price cells will not experience a change in mail preparation requirements under the new FSS flats price cells.
 - b. If not confirmed, please describe in detail any change in mail preparation requirements. If the mail preparation requirements have not yet been determined, please provide a date certain by which the mail preparation requirements will be established.

RESPONSE:

- a. Confirmed.
- b. Not Applicable.